

Message Text

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ORIGIN XMB-07

INFO OCT-01 NEA-10 ADP-00 TRSY-11 FAA-00 L-03 AID-20

CIAE-00 COME-00 EB-11 FRB-02 INR-09 NSAE-00 RSC-01

OPIC-12 CIEP-02 LAB-06 SIL-01 SAL-01 OMB-01 /098 R

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R 200002 Z MAR 73

FM SECSTATE WASHDC

TO AMEMBASSY AMMAN

INFO AMEMBASSY BEIRUT

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E. O. 11652: N/ A

TAGS: EGEN

SUBJECT: ALIA EQUIPMENT PLANNING

REF: AMMAN 1195

1. EXIMBANK HAS NOT BEEN APPROACHED ON FINANCING FOR NEW 707 AND 727 S, AND UNDERSTANDS ONLY PRELIMINARY DISCUSSIONS HAVE BEEN HELD BY ALIA WITH BOEING. GHANDOUR SHOULD BE INFORMED, HOWEVER, THAT IF 720 BS FINANCED UNDER CREDIT NO. E-4253 RETURNED TO BOEING EXIMBANK WILL REQUIRE PREPAYMENT OF BOTH ITS OWN CREDIT FOR \$1,562,000 AND SIMILAR MORGAN GUARANTY CREDIT GUARANTEED BY EXIMBANK. AVAILABLE BALANCE ON CREDIT NO. E-2748 FOR 707 S ONLY \$100,000, THIS EXPIRES MARCH 31, 1973, AND IN ANY EVENT IS NOT AVAILABLE TO FINANCE PORTION OF ENTIRELY SEPARATE TRANSACTION.

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CARAVELLE SALE SHOULD REALISTICALLY NOT BE EXPECTED TO NET MORE THAN \$1.5 MILLION PER AIRCRAFT, MUCH OF WHICH COULD BE IN FORM NOTES PAYABLE TO ALIA RATHER THAN CASH.

2. ON MARCH 14, 1973, EXIMBANK SENT FOLLOWING LETTER TO MR. ALI GHANDOUR: QUOTE. REFERENCE IS MADE TO THAT PART OF ARTICLE V- B(3)(A) OF OUR CREDIT AGREEMENT OF JULY 30, 1970, WHICH RELATES TO THE UTILIZATION OF INSURANCE PROCEEDS WHEN THERE HAS BEEN A TOTAL LOSS OF THE PROPERTY INSURED. AS YOU WILL RECALL, UNDER THE TERMS OF THIS SECTION OF OUR AGREEMENT YOU HAVE THE OPTION OF APPLYING THE INSURANCE PROCEEDS TO THE PURCHASE OF A NEW AIRCRAFT OF COMPARABLE TYPE MANUFACTURED AND PURCHASED IN THE UNITED STATES OR TO PREPAYING EXISTING LOANS PROVIDED BY EXIMBANK, THE BOEING COMPANY AND THE EUROPEAN LENDERS IN SUPPORT OF YOUR PURCHASE OF TWO BOEING 707 JET AIRCRAFT, ENGINES AND RELATED SPARE PARTS, EQUIPMENT AND SERVICES.

3. IN THE EVENT YOU DECIDE TO APPLY THE INSURANCE PROCEEDS TO PREPAYMENT OF THE ABOVE- STATED LOANS, YOUR ATTENTION IS DIRECTED TO THE FACT THAT UNDER THE TERMS OF ARTICLE V- B(3)(A) ALL OF THE INSURANCE PROCEEDS, I. E., \$9,200,000, MUST FIRST BE APPLIED TO THE TOTAL UNPAID BALANCES OF THE EXIMBANK AND BOEING LOANS. WHEN THESE LOANS HAVE BEEN PAID IN FULL, ANY REMAINING BLANCES OF THE INSURANCE PROCEEDS WOULD THEN BE APPLIED TO THE OUTSTANDING INDEBTEDNESS OWED THE EUROPEAN LENDERS. SHOULD YOU DECIDE TO OBTAIN A NEW AIRCRAFT, THE FULL \$9.2 MILLION OF INSURANCE PROCEEDS WOULD HAVE TO BE APPLIED TO ITS PURCHASE.

4. UNTIL WE HEAR OF YOUR DECISION TO BUY A COMPARABLE NEW U. S. AIRCRAFT OR TO PREPAY THE EXISTING LOANS, THE INSURANCE PROCEEDS PAID BY THE INSURER TO US IN THE AMOUNT OF \$3,306,704.76 WHICH WE RECEIVED ON MARCH 7, 1973, ARE BEING HELD UNUTILIZED WITH INTEREST ACCRUING TO OUR ACCOUNT. SHOULD WE NOT HEAR FROM YOU BY MAY 5, 1973, WE WILL ASSUME THAT YOU ARE NOT GOING TO PURCHASE A NEW AIRCRAFT AND WE WILL NOTIFY YOU AND THE EUROPEAN LENDERS TO REMIT THE INSURANCE PROCEEDS TO US SO THAT WE MAY SETTLE THE UNPAID BALANCES DUE US AND THE BOEING COMPANY. AT PRESENT THE UNPAID BALANCE DUE EXIMBANK AMOUNTS TO \$8,057,133.12.

5. I TRUST THAT OUR RECENT TRIP TO THE UNITED STATES WAS SUCCESSFUL AND I REGRET THAT I DID NOT HAVE AN OPPORTUNITY TO LIMITED OFFICIAL USE

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MEET WITH YOU. SHOULD YOU HAVE ANY QUESTIONS OR PROBLEMS CON-

CERNING THE MATTERS DISCUSSED ABOVE, PLEASE DO NOT HESITATE
TO CALL UPON ME. UNQUOTE. AS NOTED IN THE LETTER, EXIMBANK IS
WAITING FOR DECISION FROM ALIA AS TO HOW AIRLINE DESIRES INSURANCE
PROCEEDS TO BE UTILIZED.

6. TAKEN TOGETHER, ABOVE " SOURCES" OF FUNDS WILL PROVIDE NOTHING
LIKE \$17 MILLION CLAIMED BY GHANDOUR.

7. BOEING ADVISED.
ROGERS

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 20 MAR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE050609
Document Source: CORE
Document Unique ID: 00
Drafter: XMB: C. KUGE
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: SECSTATE WASHDC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730333/aaaaiaqx.tel
Line Count: 129
Locator: TEXT ON-LINE
Office: ORIGIN XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 73 AMMAN 1195
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 02 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02-Jan-2002 by boyleja>; APPROVED <15-Jan-2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> srp 971215
Subject: ALIA EQUIPMENT PLANNING
TAGS: EGEN
To: AMMAN INFO BEIRUT
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005